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FOREIGN AGRICULTURE

Feeding the World

Spanish Agricultural Plan

Chilean Drought

1969

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This week's cover:

Technological advances such as the insecticide being sprayed by the Mexican farmer, and other improvements like the extensive irrigation which put life back into the recently drought-stricken land this Chilean farmer is plowing, have given the world new hope of solving food supply problems. Assistant Secretary of Agriculture Clarence D. Palmby discusses the world food situation in article beginning this page.

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The U.S. View: Feeding th

As the world moves toward the goal of eliminating hunger and malnutrition, I know that FAO will continue to play a coordinating role in assuring a concerned effort by the world community. The "Provisional Indicative World Plan for Agricultural Development"[1], now being considered by the Conference, shows what can be done by a central agency in providing an international frame of reference. Many chapters of this study are excellent, and the Plan as a whole provides a wealth of unified data. The United States does have some reservations, however, especially with respect to trade strategy. Nevertheless, this comprehensive outline will be highly useful in the years ahead.

Technological advances and other favorable conditions have combined to give the world new hope of solving problems of food supply.

The Indicative World Plan (IWP) becomes available at a time of rising agricultural output. A recent survey by the U.S. Department of Agriculture indicates that new production records will be set in 1969. Of special interest to FAO are the very good production gains being made in the less-developed countries. Foodgrain production in India will probably exceed 100 million metric tons for the first time. Harvests in other developing countries of the Far East will be bigger than those of 1968. Northern Africa's breadgrain crops were hurt by adverse weather, but output in the United Arab Republic, the Sudan, and West Asia was average or better. Latin America's production is expected to hit a new high despite some drought in Argentina.

A number of factors have combined to bring the world out of the agricultural crisis it faced in 1966.

Weather, which can cause as much as 25-percent variation in crop yields, has been generally favorable in many developing countries. Improved technology has raised the *basic* level of crop yields. High-yielding varieties of wheat and rice—which deserve all the attention they have received—are adding greatly to harvests. Fertilizer is becoming increasingly available. Prices received by farmers have edged upward so that they can profitably use more fertilizers and other supporting production inputs.

[1] The Plan, prepared by FAO, was the main item discussed by the Conference. Conference members were asked to comment on and evaluate the Plan and to indicate how and what parts could best be utilized to expand world food supplies. For an explication of the Plan, see *Foreign Agriculture*, Nov. 10, 1969.

In excerpts of a speech given at the 15th Conference of the Food and Agriculture Organization at Rome, Assistant Secretary* Clarence D. Palmby *looks at past and present world food status and outlines U.S. hopes for the future.

ng the World and Agricultural Trade Strategy

I have been greatly impressed by the successful efforts of the Desert Locust Control Organization for East Africa, aided by FAO and country teams, to hold down a locust plague this year and last. Equally impressive have been the cooperative efforts to control animal diseases. A loss prevented is equivalent to a gain in production.

New developments in the test tube and on the test plot also show much promise for the future. For example, the IWP notes that the new high-protein corn has a food value approaching that of skim milk. Records exist of children recovering from kwashiorkor when their only source of protein was such corn. This breakthrough is especially significant for areas such as Central America, where corn provides from one-third to two-thirds of daily caloric intake.

New food formulations can also improve diets. The new food mixtures include corn and cottonseed protein; corn, soybean, and nonfat dry milk; and wheat, soybeans, and tempeh. There are fortified flours and breads, protein beverages, and textured foods. Meat analogs, such as imitation chicken, ham, and seafood, are already on the market. Though expensive now, these substitutes will probably drop in cost as manufacturing volume increases.

Aside from new products, the world has gained in experience. Technology continues to improve. Governments, with a new awareness of agriculture's importance to nutrition and to general economic development, have increased inputs to this sector. Family planning programs are underway. The world has also learned how to cope with famine emergencies as a result of its 1966 experience.

To achieve world freedom from hunger and malnutrition, work must not only continue but intensify in several related endeavors.

Although the future looks hopeful, some of today's problems must be recognized and solved.

One problem lies within ourselves. I refer to our tendency to assume that the situation prevailing at the moment—good or bad—will continue indefinitely. A few years ago many foresaw a world headed straight for starvation. Today, with so much talk about a "green revolution," I sense a general feeling that the world's war against hunger and malnutrition has already been won.

There's danger in such thinking. A widespread belief that we've finally vanquished hunger could mean that commitments to the battle—by high-income countries as well as the less developed—would be cut too sharply and too soon. Such a notion could mean a slackening of vital family planning programs as well as food production efforts and could lead to an increase in the vulnerability of food-short countries should there be a recurrence of drought.

Now that we have a demonstrated ability to expand agricultural production in total and per capita, we need to move more rapidly toward the traditional FAO goal of feeding hungry people. Our moral responsibility for improving the plight of hungry millions becomes greater as we gain in our ability to do something about it.

There are still hurdles to overcome, of course. These are primarily economic and physical. But of the two, the economic are the more serious. We have become increasingly aware of this in the United States.

In recent months the United States has become much more conscious of malnutrition among certain of its low-income families—a condition that is in no way related to food shortages or to the distribution machinery within the country. American farmers produce more than enough food to permit a good diet for all the people, and these foods are widely available in commercial markets.

In this connection, I am pleased to note that the IWP favors programs designed to protect both children and nursing mothers in the lower income groups in developing countries. In the words of the Plan, "to neglect them would be to jeopardize the future."

In another area of nutrition problems, the IWP's concern for effective economic demand for food seems soundly based as a long-term position. As the Plan puts it, "It is the market demand in relation to supply that determines whether prices will rise—causing a food crisis with greatest hardship among the lower income strata in the urban areas or surpluses will be produced which cannot readily be disposed of, leading to a crisis for farmers."

Lack of physical distribution facilities within developing countries can also limit nutrition advances. People in food-short areas may not receive supplies from food-surplus sections even though the two localities may be relatively close to each other. I commend FAO for calling attention to this urgent problem and therefore taking a forward step in formulating its solution.

Finally, family planning must be part of any meaningful program to combat hunger. Fortunately, there is evidence that population controls can be made to work. Birth rates have effectively been reduced in South Korea, Taiwan, Hong Kong, Singapore, and elsewhere. Progress is being made in larger countries, including India and Pakistan. But much remains to be achieved among both the developing nations of the world and the developed countries.

A cornerstone of the Plan's trade strategy is the assumption that the developed countries should substantially curtail their inputs to agriculture in order to accommodate the export availabilities of the less-developed countries. On this point the United States has very serious reservations.

World needs agricultural output of areas—wherever they are—that can produce most efficiently.

In the U.S. view, the world needs the output of the areas—wherever they are—that can produce most efficiently. Only in this way can adequate supplies of food and fiber be made available to increasing populations.

Many of the high-income nations are efficient producers of the food and fiber that the entire world wants and needs. Several major commodities are mass produced in the United States. As an advocate of liberal trade, the United States wants to export the production in excess of domestic needs that its efficient agriculture has made possible. The United States—and I am sure the same is true of other efficient producing countries—could not curtail inputs to efficient sectors of its agriculture in order to permit other countries to expand their output.

International commodity arrangements or other programs for organized markets also figure in the Plan's trade strategy. These arrangements appear to the United States to have only a limited value in easing the trade problems of the developing countries. Instead of freeing trade, they bring rigidities to marketing. Commodity arrangements are in trouble the moment their price provisions get out of tune with market conditions. Recent problems besetting the International Grains Arrangement are an example. A current proposal that an arrangement be devised for fats and oils would have a special disadvantage for exporting countries because it would stimulate competition from a large number of competitive products not covered in the arrangement. In particular, agreements are unlikely to be viable when their effective prices are determined largely by governments that may have mutually inconsistent objectives.

However, according to U.S. thinking, the IWP is on solid trade ground when it urges that protectionism be reduced. This in itself would tend to slow down the increasing self-sufficiency of high-income countries and would give comparative advantage a chance to function. This is the direction that international trade policy should take. It is a direction that shows much promise of increasing the agricultural export earnings of the developing countries.

The IWP performs a valuable service in illuminating the conflicts between programs to increase production in countries that can produce efficiently and programs of agricultural protectionism in other countries. Excessively high prices, maintained by trade barriers, are now interfering seriously with an efficient organization of international agriculture. In this connection the United States is eager to discuss with other countries the entire spectrum of agricultural import restrictions, export payments, price supports, supply management, and related factors.

While the United States has programs to support prices and maintain farmers' incomes, strenuous and expensive efforts have been made to lessen such programs' interference with international trade. Look at the increase of agricultural production in recent years. Output has been going up much more slowly in the United States than in the other developed countries as a group.

The United States has stored large surpluses, has tried to minimize the interference of P.L. 480 shipments with commercial markets, and has held back production that otherwise would have resulted from domestic programs. Currently the United States is holding some 60 million acres out of production.

The United States alone cannot bear the burden of limiting acreage while others expand production.

Secretary Hardin recently told members of Congress that this country must avoid giving overseas competitors the idea that they can expand production without limits while the United States carries, by itself, the whole burden of acreage limitation. The United States cannot concede the total market growth to its competition. The United States feels that the burden of supply adjustment should not be borne by one country alone.

I am confident that all these troublesome problems that complicate trade among nations eventually will be solved. Man has a way of doing what is possible. Man knew that it was possible to conquer space. Step by step, test by test, we moved ahead and finally humans walked on the moon. In the same way we are taking steps in the nutrition area. Some steps are being taken in laboratories; others are being taken in farmers' fields in Asia, Africa, and Latin America. But each step—be it short or long—advances mankind toward the goal of a well-nourished world. We must continue to work with great determination toward that end.

Canada Aids Farmers in Stalled Harvest

Canada's Minister of Agriculture, H. A. Olson, has announced that interim payments for grain to be harvested and interim-indemnity payments for apparent crop losses will be available to 25,000 Prairie farmers who have been prevented by bad weather from harvesting their grain. Poor weather conditions have halted harvest operations in the Peace River district of Alberta and British Columbia, in areas of central Alberta and northern Saskatchewan, and in parts of Manitoba.

In Alberta approximately 5,635,000 acres or 44 percent of wheat, oats, barley, and rye remain standing or in the swath. In Saskatchewan there are about 3 million acres, 14 percent, still to be harvested and in Manitoba, some 350,000 acres, or 6 percent.

Many of the affected farmers would be entitled to assistance under crop-insurance and advance-payments programs if they had been able to complete their harvests normally. The interim arrangements were to relieve financial difficulties inflicted by the stalled harvest.

Sugar Agreement Acts To Bolster Prices

By LESLIE C. HURT and JOHN I. KROSS
Sugar and Tropical Products Division, FAS

The 1969 International Sugar Agreement has been in effect for almost a year now and in that time has taken several actions to bolster world sugar prices over their low levels of last year. Export quotas for 1969 were set at only 90 percent of the basic export tonnages. By September, exporting members of the agreement had notified the International Sugar Council that shortfalls would amount to almost 800,000 tons; the Council decided not to reallocate these shortfalls. With a decline in world sugar prices to a 1969 low of 2.70 cents per pound on August 26, the Council moved that, effective August 28 and for as long as prevailing prices remained below 3.25 cents per pound, member countries should not import from nonmembers; prices subsequently responded to this action. The Council also has determined that its powers to reduce quotas should be strengthened.

The 1969 agreement began operating provisionally on January 1. At that time, quota and price provisions came into effect for the first time since 1961. Between 1958 and 1961, such provisions operated under the 1958 agreement; that agreement came up for review in 1961, and from then until 1969 only its research and statistical functions were maintained. The new agreement required ratification, acceptance, or approval by 60 percent of the votes of exporting countries and 50 percent of the votes of importing countries. These criteria were met, and the agreement came into force definitively on June 17.

Several new objectives

Export quotas and price ranges are the main provisions of the new agreement, as they were of the 1958 agreement. However, the new one adds several objectives: To increase the export earnings of developing exporting countries; to provide for adequate participation in, and a growing access to, markets of the developed countries for sugar from developing ones; to maintain stable sugar prices that would be remunerative to producers but would not encourage further expansion of production in developed countries. It also has a goal of encouraging per capita consumption of sugar in countries where it is low and bringing about a balance between world production and consumption.

The quantity of sugar traded under the agreement amounts to about 8 million metric tons, some 10 percent of world production. World trade actually amounts to about twice this much, the other half being accounted for by special trading arrangements (see *Foreign Agriculture*, Mar. 17, 1969).

Basic export tonnages

Total basic export tonnages under the 1969 agreement amount to 7,689,000 metric tons, raw value. Additionally, there are maximum net export entitlements for Indonesia and the Philippines totaling 141,000 tons, a "hardship fund" of 150,000 tons, and a maximum export to the free market from the USSR of 1.1 million tons. The "hardship fund" is available at the discretion of the International Sugar Council to meet special needs of developing member countries. On the basis of the above, exports under the agreement during 1969 could have totaled 9,080,000 tons. However, the quota for 1969 currently is 8,161,000 tons or 90 percent of the basic export tonnage (6,920,100 tons) plus USSR (1.1 million) plus the allowance for Indonesia and the Philippines (141,000).

The agreement specifies that export quotas be set at least 30 days before the beginning of the quota year, which is set up on a calendar-year basis. As mentioned earlier, quotas for 1969 were set at 90 percent of the basic export tonnage. Basic export tonnages are divided into two categories: Variable quotas, set for 1969, 1970, and 1971 but subject to ad-

SUGAR: ACTIONS TO BE TAKEN AT VARIOUS PRICE LEVELS

When prevailing price falls below level shown:	Price level *Cents per lb.*	When prevailing price rises above level shown:
Members prohibit imports from nonmembers; Council, by special vote, may have recourse to additional measures, including a further reduction of quotas in effect to 85% of basic export tonnages.	3.25	
Individual quotas in effect established at minimum (90%) level; no shortfall distribution.[1]	3.50	
Aggregate quotas in effect not to exceed 95% of total basic export tonnages.[2]	3.75	
Individual quotas in effect reduced by 5% of respective basic export tonnages.	4.00	Aggregate quotas in effect not to be less than 100% of total basic export tonnage.
	4.50	Aggregate quotas in effect not to be less than 110% of total basic export tonnage.
Individual quotas in effect reduced by 5% of respective basic export tonnages.	4.75	After 10 days, 50% of minimum stocks offered for prompt sale and shipment to importing members.
Quotas in effect established their aggregate not to exceed 115% of total basic export tonnage.	5.00	After 10 days, remainder of minimum stocks offered for prompt sale and shipment to importing members.[3]
	5.25	All quotas become inoperative; limitation on imports from nonmembers becomes inoperative; USSR undertaking becomes inoperative; exporting members give priority to importing members.
	6.50	Importing members have option to buy specified quantities from traditional exporting members at equivalent of the Supply Commitment Price.

[1] Unless Council, by special vote, decides on a higher level. [2] Unless Council decides otherwise. [3] Unless Council decides otherwise by special vote.

justment; and nonvariable quotas, set for the same 3 years and not subject to adjustment. Major holders of variable quotas are Cuba, 2,150,000 tons; Australia, 1.1 million tons; the Republic of China, 630,000 tons; South Africa, 625,000 tons; and Brazil, 500,000 tons. Nonvariable quotas are held by a number of Latin American countries and amount to only 122,000 tons.

Notifications of whether or not an exporting country expects to fill all of its quota, and if not, what part of its quota is not to be used, are to be given by May 15 and again prior to September 30. In May, the Statistics Committee of the International Sugar Council reviewed its estimate of total free-market net import demand for 1969. It determined that free-market demand would amount to 8.30 million tons. At that time, the committee also estimated that even with declared shortfalls of 378,000 tons for 1969, and at the 90-percent basic-export-tonnage level, apparent total supplies would amount to 8,872,000 tons.

On September 9 the International Sugar Council announced that total shortfalls under export quotas will be about 700,000 tons in 1969. At a later meeting, this was increased to 796,000 tons. These shortfalls are not expected to be redistributed. However, after deducting this amount, the quotas would be 81 percent of basic export tonnages. Although there is ample sugar in the world, this action to withhold from the market should have the effect of putting props under prices.

Price trends

Price ranges are a very important feature of the agreement. Generally, it might be considered that 3.25 cents is the minimum and 5.25 cents, the maximum. However, provisions are made for various actions to be taken when prices rise above or fall below certain levels. When the prevailing price exceeds 5.25 cents per pound, quotas become inoperative. Other actions that may be taken at various price levels are shown in the tabulation at the bottom of the previous page. The determination of the prevailing price is based on daily averages of the spot prices for raw sugar in New York and London, converted to a common basis of f.o.b. and stowed, Caribbean port, in bulk.

What effect has the International Sugar Agreement of 1969 had on the world sugar market? Although price changes may not have been directly and absolutely related to the agreement, it is interesting to note what has happened to sugar prices. In mid-October 1968, the world-market sugar price was 1.75 cents per pound. At about that time, it became apparent that there would be a new agreement. Prices responded immediately and were at 3 cents by the first of January 1969. They hovered near this level during January, then gradually increased to 4 cents by April. By the end of the month they were down to 3.5 cents, then they rose gradually to 4.08 cents by June 16. They declined again to a 1969 low of 2.70 cents on August 26, prompting the International Sugar Council to act. By November 21 they were 3.0 cents.

A number of factors were instrumental in the above price movements. Upward movements were influenced by drought-reduced crops in Cuba, South Africa, and some of the Caribbean countries; drought has also affected the coming crop in Australia. Downward movements were influenced by the surplus of sugar in the European Community (not a member of the agreement); Turkey's offer of 200,000 tons for sale; offers by other producing countries at low prices, including the selling of refined sugar by the Soviet Union; and prospects for good coming crops in most of the major producing countries. There has also been ample sugar available in second hands.

It remains to be seen how effective the International Sugar Agreement of 1969 will be in meeting its objectives. During its life so far, world sugar prices have been at higher and more reasonable levels than at any time since 1964. The world oversupply is diminishing, and the supply and demand are more nearly in balance now than they have been for several years. Nevertheless, the world sugar market remains very sensitive and volatile.

Spanish Production of Red Meats Inches Upward

Production of red meats in Spain increased only 2 percent in the first half of this year. Most of this increase was accounted for by pork, as output of beef and veal, mutton and lamb, and goat meat rose only nominally. Output of horsemeat showed a substantial decline. Total red meat production is shown at 386,000 metric tons in the first 6 months of 1969, against 380,000 in the same period in 1968 and 806,000 in all of last year.

The small overall increase in red meat production is in line with the recent trend, which can be expected to continue until some major step is taken to stimulate the industry. For the time being, most of the country's increased demand for meat is being met by the poultry industry as a result of greater production and lower retail prices.

An important action toward achievement of desired increases in beef production to meet future demand was the conclusion in July of a long-awaited agreement for a $25-million loan from the World Bank. Proposed beef-expansion operations will cost $52 million. The difference will be financed by the Spanish Government and the farmers involved.

It has been said that the project will not include importation of breeder cattle but that every year a number of heifers will be procured from those destined for slaughter and reared to maturity for sale to cooperating farmers. In other words, the project will defer slaughter of a number of existing females at the expense of withdrawing a certain tonnage of beef from regular supply channels. If this intention is confirmed, the project will only partially correct the gap in the beef supply since it has been estimated officially that Spain needs to increase female breeding cattle numbers by a minimum 50,000 head per year for the next 10 years—without detracting from the slaughterable cattle population.

Beef import requirements for the current calendar year are estimated at a minimum of 80,000 metric tons. During the first 8 months of the year, East European countries were Spain's major suppliers with 30,000 tons. It also is reported that Spain and Argentina concluded an agreement earlier this year whereby Argentina would supply a minimum of 55,000 tons of chilled and frozen beef prior to the end of February 1971. It is believed that 30,000 tons of this are to be shipped before March 1970. Imports of beef from Uruguay this year are expected to amount to 19,000 metric tons.

—Based on dispatch from DALE B. DOUGLAS
Assistant U.S. Agricultural Attaché, Madrid

The Future of German Durum Imports

By ROLLAND E. ANDERSON
Assistant U.S. Agricultural Attaché
Bonn

In recent years West Germany has become an increasingly important market for U.S. durum exports. However, the potential for future growth will depend on several factors, including resolution of problems facing the German pasta industry, EC import standards, and EC durum production. Total imports of durum into West Germany, which doesn't produce durum, have varied quite markedly in recent years. For 1964-65 they were somewhat in excess of 300,000 metric tons. Shipments were particularly high in 1966-67 at 497,680 metric tons as importers stockpiled in anticipation of higher prices following the EC grain marketing regulations on July 1, 1967. Total imports declined to a low of 168,000 metric tons in 1967-68 as the result of the large carryover from the previous year's imports and higher EC-established durum prices, but shipments for 1968-69 at 330,000 metric tons were nearly back to normal.

Growing U.S. market

U.S. durum has fared well in the German market; sales increased from approximately 56,000 metric tons in 1964-65 to about 163,000 metric tons in 1966-67. Although sales in 1967-68 dropped to 63,753 metric tons the U.S. share of the market actually increased from 33 to 38 percent. In 1968-69 imports of U.S. durum have reached 128,000 metric tons, accounting for about 39 percent of total durum imports.

WEST GERMAN IMPORTS OF DURUM WHEAT

Country of origin	1964-65	1965-66	1966-67	1967-68	1968-69 (July-May)
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
United States	56,185	147,151	162,759	63,753	127,860
(Percent of total)	18.7	38.7	32.7	37.3	38.8
Canada	202,591	206,175	306,663	102,946	155,167
Argentina	36,508	24,923	28,246	997	150
France	140	—	—	503	1,657
Syria	3,492	2,464	—	—	—
Algeria	1,496	—	—	—	—
Tunisia	—	5	—	6	—
Australia	—	—	13	—	—
USSR	—	—	—	—	44,978
Total	300,411	380,717	497,680	168,205	329,852

Source: Federal Ministry of Food, Agriculture, and Forestry.

Prior to July 1967 durum prices in Germany were subsidized down to a border or import price of $98.25 per metric ton for the entire year. However, following the EC grain price harmonization in 1967, durum prices increased from between 25 and 35 percent as a result of higher import levies which are now based on the EC threshold prices. These threshold prices ranged from $123.13 per metric ton in July 1968 to $133.63 in June 1969.

Approximately 90 percent of the imported durum is utilized in pasta production and 10 percent is sold as household semolina. The increased durum import prices have led to a 10- to 15-percent rise in the price of pasta foods. Macaroni prices are now about one-third higher than they were 2 years ago. Another side effect of the increased durum prices is the production of lower quality products since some durum millers are now using cheaper, lower quality durums. In France and Italy, pasta, by law, must be made entirely from durum wheat. In Germany a mixture of other wheat is legally possible. However, the strong competition on the domestic market and the quality consciousness of German consumers have kept this practice at a low level.

Pasta production in West Germany has increased slowly but steadily from 177,000 metric tons in 1959-60 to 194,000 metric tons for 1968-69. Production declined somewhat in 1967-68, partly as a reaction to the durum price increase, but mainly because of overproduction the previous year.

Competition in pasta products

Although price increases so far have not had an adverse effect on durum utilization and consumption, the German durum milling and pasta production industries are concerned about competition of finished products from other EC countries, particularly Italy and France. Net imports of pasta products have risen steadily from 500.3 metric tons in 1959-60 to 13,881 metric tons in 1967-68. German manufacturers blame the increased imports on EC regulations which they say favor Italian and French durum manufacturers.

However, EC regulations are not entirely responsible for the increase in pasta imports. The statistics do not show a sudden increase in imports since the EC regulations were implemented. More probably the increased imports stem from the higher standard of living in Germany and also the increased consumption attributed to an influx of pasta-eating workers from Italy, Greece, Turkey, and Spain. This continuing trend, aggravated to some extent by EC regulations,

WEST GERMAN DURUM PRICES AND LEVIES

Item	1966		1967		1968	
	Aug. 1	Dec. 1	Aug. 1	Dec. 1	Aug. 1	Dec. 1
	U.S. dol. [1]	*U.S. dol.* [1]	*U.S. dol.* [1]	*U.S. dol.* [1]	*U.S. dol.* [1]	*U.S. dol.* [1]
C.i.f. Rotterdam price:						
Can. Western Amber No. 3	85.00	85.20	87.85	85.05	87.85	81.15
U.S. Hard Amber No. 3	78.50	79.00	85.00	79.50	75.00	79.00
Arg. Cand. Taganrog	—	75.50	—	74.30	—	78.75
Calculated threshold price [2]	[3] 98.25	[4] 98.25	123.13	127.33	123.13	127.33
EC adjusted c.i.f. price	[5] 85.30	84.10	82.50	76.25	76.50	78.80
Levy	12.95	14.23	40.63	51.08	46.63	48.53
Levy in percent of US HAD No. 3	4.12	4.50	11.95	16.05	15.55	15.35

[1] Based on currency equivalent U.S. dol. equal to 4 DM. [2] The reduced threshold price for Germany in 1966-67 remained unchanged throughout the year; in 1967-68 and 1968-69 threshold prices were increased by a total of $10.50 over a period of 10 months. [3] Reduced from $130.38 for pasta and household semolina production. [4] Reduced from $134.98 for pasta and household semolina production. [5] Basis Emmerich (German border).

is more probably the cause for concern among pasta manufacturers. Millers in southern Germany are particularly worried because Italian pasta products are reportedly outselling domestically produced products.

Since Germany does not produce any durum German millers do not enjoy the same advantages as their Italian and French counterparts who can purchase durum at or near intervention prices, approximately $110 per metric ton. German millers buy at prices which in most cases are above the threshold prices (between $123 and $133 per metric ton in 1968-69 depending on the month of purchase) and must pay the added cost of inland transportation.

WEST GERMAN TRADE IN PASTA GOODS

Year	Import	Export	Net import
	Metric tons	*Metric tons*	*Metric tons*
1959-60	1,788.6	1,288.3	500.3
1960-61	4,341.1	1,594.9	2,746.2
1961-62	5,178.7	1,964.1	3,214.6
1962-63	5,605.5	1,360.8	4,244.7
1963-64	5,574.7	1,072.6	4,502.1
1964-65	6,560.4	1,126.1	5,434.3
1965-66	8,945.4	1,032.8	7,912.6
1966-67	9,305.9	1,270.2	8,035.7
1967-68	10,799.2	1,407.6	9,391.6
1968-69	13,881.5	2,075.5	11,806.0

Based on Foreign Trade Data by Federal Statistics Office.

German millers have proposed a lowering of the EC subsidy on domestic durum production by at least DM30 (US$7.50) per metric ton in order to restore competitiveness. Italian and French durum producers currently receive a production subsidy from the EC fund equal to the difference between the guaranteed price of $145 per metric ton and the intervention price of $110 per metric ton, i.e. about $35 per metric ton. This, the German millers maintain, has brought about a significant increase in durum production in France and Italy and threatens the durum milling industry in Germany and eventual exports of U.S. durum to the EC. French durum production has reportedly increased from an average of 50,000 to 60,000 metric tons a few years ago to 286,864 metric tons in 1968, while Italian production has reportedly increased from 1.5 million metric tons to about 2.0 million metric tons.

EC quality standards

Another change which German millers say has affected the import potential of durum is the EC modification of "standard" quality durum, which has forced intervention agencies to accept durum which contains at least 60 percent glassy kernels. Previously EC "standard" quality was to be similar to No. 3 Canadian Western Amber durum. The EC, in establishing (each working day) the adjusted c.i.f. price which is supposed to represent the lowest world offer price, uses a series of coefficients to equalize existing quality differences among the various types of durum wheat. Many grain exporters feel that these coefficients laid down in the EC regulation 158/67 (as amended) do not truly represent existing quality differences. For instance according to the regulation, only Canada Western Amber Durum Nos. 1 and 2 are considered superior to EC quality. Canada Western Amber Durum No. 3, Argentine Candeal Taganrog, U.S. HAD No. 1, and Tunisian, Israeli, and Greek AA durums are considered normal quality whereas U.S. HAD No. 3, the bulk of what Germany imports from the United States, is valued at $2.00 per metric ton less. This, of course, gives U.S. HAD No. 3 an advantage over Argentine Candeal Taganrog and Can. WAD No. 3 if the U.S. durum is the basis for determining the levy.

One problem which has never completely been solved is the durum quality. Complaints about U.S. durum in the past mostly related to the large percentage of small, shrunken, and broken kernels, whereas Canadian durum was praised for its uniformity and dependable good quality. However, the color of U.S. durum admittedly has been superior to that from all other origins.

This past crop year, 1968-69, there have been a number of quality complaints about U.S. durum; not only was the kernel size a problem but, for the first time in several years, the "pale" color and spotted kernels were mentioned. This was because of weather damage at harvest which caused durum kernels to have a bleached appearance.

Favorable Outlook for U.S. Grain Exports to Japan

Japanese grain imports are expected to reach record levels during Japanese fiscal year 1969-70 (April 1969-March 1970) and the U.S. share of the increase is expected to be significant.

Larger wheat imports are necessary because Japanese wheat production suffered a 25-percent decline as a result of reduced planting and unfavorable weather. Imports of U.S. wheat are forecast at 2,250,000 tons, 23 percent above the 1968-69 levels and representing 50 percent of total expected imports. Total imports in 1970-71 may increase to 4.7 million tons.

Increased imports of feedgrains will be necessary in order to support Japan's mixed feed industry. Mixed feed production is expected to reach a record 13 million tons during 1969-70—a 14 percent rise over last year's level.

The outlook for U.S. corn exports to Japan is particularly bright. The United States is expected to supply about 62 percent of the total forecast of 6.1 million tons. This would bring U.S. corn exports to Japan to 3.8 million tons, compared with 2.6 million in 1968-69. Total corn imports for the July-September 1969 period are estimated at 1,216,000 with the United States supplying 76.7 percent of the total compared with 49 percent during the comparable period in 1968.

Japanese imports of milo are expected to rise slightly from 2.6 million tons last year to 2.7 million in 1969-70. The United States is expected to supply about two-thirds. Although imports during the July-September period rose about 63 percent to 746,000 tons, the U.S. percentage of imports was down. The United States supplied 402,000 tons or 54 percent compared with 321,000 tons or 70 percent during the same 3-month period last year. The decline in the U.S. share was caused mainly by an increase in imports from Argentina. Looking ahead to 1970-71, imports of milo may decline some 200,000 tons if plans to use surplus rice stocks are implemented.

In order to fulfill domestic requirements for pulses, Japanese imports are expected to reach a record level of 180,000 tons in 1969-70 compared with 132,928 tons in 1967-68 and 161,028 tons in 1968-69.

Imports of forage seeds are expected to reach 9,300 metric tons compared with 6,884 tons last year.

—Based on dispatch from LEON G. MEARS
U.S. Agricultural Attaché, Tokyo

Summing up a $60-million disaster

Chile's 1968-69 Drought and Its Aftermath

By WALDO S. ROWAN
U.S. Agricultural Attaché
Santiago

Chile's 1968-69 drought has been all but broken. Only in the provinces north of the Aconcagua Valley, El Norte Chico, has it continued.

Throughout most of the country from the Aconcagua Valley south recovery from the drought has been remarkable, at least to the casual observer. Although rainfall throughout the central provinces has been less than normal, it has been adequate for early crops and well distributed on into the spring months. Also, snowfall in the mountains has been sufficient to provide irrigation water for next summer's crops.

As far as crops are concerned, there are very few reminders that a drought ever occurred except in El Norte Chico. Livestock is a different story; the outlook is for a much longer recuperation process and economic effects that may continue for years to come.

The most ominous threat of the drought—the possible destruction of Chile's multimillion-dollar fruit and vegetable crops—was averted by rationing of irrigation water and its careful use. These crops are not only indispensable as a source of food for the people, but they are also important earners of foreign exchange. Furthermore, the fruit and vegetable industry is the largest employer of agricultural labor and the backbone of Chile's agricultural economy.

With fruits and vegetables getting priority in the use of water, the 1968-69 harvest was only slightly less than normal on most farms. However, certain foods are in short supply—especially potatoes and onions—as a result of the continued drought in the north and a poor 1968-69 potato harvest in the south.

Financial problems for many farmers

A close look at individual farms would show that many farmers are heavily in debt, have slaughtered or lost most of their cattle and sheep, and are unable to take full advantage of the return to good weather because of the lack of financial resources.

Farmers' financial problems resulting from the drought have been further compounded by certain institutional factors. Farmers had to continue paying all full-time workers who had been on the farm for more than 6 months regardless of the amount of work to be done. Many farmers say that they had to liquidate their livestock herds to a greater extent than feed shortage would dictate in order to pay fixed labor costs and meet family living expenses.

To meet this crisis and enable farmers to continue producing, various forms of credit and governmental assistance were made available. According to a Central Bank memorandum, Chile's State Bank and commercial banks made loans with a total value of around 66 million escudos (about US$6 million) to 1,411 farmers affected by the drought.

In addition to the above bank loans, Chile's National Development Corporation (CORFO) extended credit to farmers to buy livestock and construct livestock facilities. The Institute for Agricultural Development and the Agrarian Reform Corporation had to increase assistance to small farmers and agrarian reform projects.

Livestock producers hard hit

The most devastating effect of the drought was on livestock. Although the actual number of livestock deaths from the drought may never be known, it is estimated that they amounted to around 100,000 head of cattle, 500,000 head of sheep, and 300,000 goats. Most of these losses were calves, lambs, and kids, but older animals also died in many localities from the lack of feed and water.

Losses from death, however, are only a part of the total. The failure of the remaining animals to grow and produce milk or meat, plus the cost of bringing in feed and providing water, could easily exceed the losses from death.

Also Chile's program to gradually build up the livestock population to try to reach self-sufficiency in the production of milk and meat has had a severe setback in the drought provinces from Coquimbo to Nuble, an area which contains one-third of the cattle and one-fourth of the sheep in Chile.

In order to mitigate the farmers' individual losses, the Chilean Government provided the following assistance:

• Granted credit to farmers for the purchase of feed for cattle and sheep, seeds for spring plantings, and material and

CHILE: PRODUCTION OF SOME PRINCIPAL AGRICULTURAL COMMODITIES, 1967-70

Commodity	1966-67	1967-68	1968-69	1969-70
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Grains:				
Wheat	1,203.5	1,220.0	1,300.0	1,350.0
Corn	362.2	321.0	180.0	280.0
Rice (milled)	57.8	62.4	35.8	60.0
Total	1,623.5	1,603.4	1,515.8	1,690.0
Root crops:				
Potatoes	716.6	725.0	620.0	580.0
Onions	104.0	95.0	80.0	133.0
Total	820.6	820.0	700.0	713.0
Pulses:				
Beans	89.8	65.0	51.0	70.0
Peas	8.9	11.5	6.5	7.0
Lentils	3.9	4.0	6.9	8.0
Garbanzos	8.0	7.7	3.5	6.0
Total	110.6	88.2	67.9	91.0
Deciduous fruit:				
Apples	100.8	102.0	100.0	—
Pears	19.2	20.0	21.0	—
Peaches	45.0	42.0	38.1	—
Plums and prunes	25.0	24.0	22.0	—
Apricots	5.0	4.5	3.8	—
Cherries	3.8	3.6	3.5	—
Total	198.8	196.1	188.4	—
Citrus fruit:				
Oranges	39.9	43.6	40.0	—
Lemons	31.5	38.0	35.0	—
Total	71.4	81.6	75.0	—
Vegetable oil	37.7	35.8	36.3	—
Tobacco	5.7	6.2	5.6	—

labor for the construction of wells and pumps.

- Authorized free rail transportation of cattle and sheep from the drought provinces to the south.
- Subsidized 50 percent of the cost of transportation of feeds from the south to the drought provinces.
- Granted farmers permission to sell cattle weighing less than 250 kilograms (about 550 lb.) in cases where the shortage of feed was critical. The sale or slaughter of cattle below this weight was previously prohibited.

With the return to more normal conditions, Chile's policy of trying to build up the livestock population is again being pursued. This applies not only to the drought zone but to all of Chile.

In this respect CORFO has announced an agreement with Argentina whereby the Central Bank of Argentina will extend $6.5 million credit to Chile to buy Argentine cattle (Herefords and Holsteins) estimated at 30,000 to 35,000 head. These cattle will not be authorized for shipment into Chile's Aftosa-free zone of Magallanes where U.S. Polled Hereford cattle are being imported at the rate of around 3,000 head per year.

Wheat production up

Chile's most important single crop (wheat) was not seriously affected by the drought. In fact, the estimated total production for the country during 1968-69 was higher than for the previous year (1,300,000 metric tons vs. 1,220,000 metric tons). This was true in spite of the fact that the nonirrigated wheat in the drought-affected central provinces was almost a total loss. This loss was more than compensated for by: (1) excellent crops in the south (which normally account for about 50 percent of Chile's wheat production); (2) an increase in irrigated acreage in the central provinces; and (3) very good yields on the irrigated acreage.

On the other hand, the acreage and production of both rice and corn declined substantially. Production during 1968-69 was estimated at 35,800 metric tons of milled rice and 180,000 metric tons of corn, compared with a 1967-68 production of 62,400 metric tons of rice and 321,000 metric tons of corn.

Since both these crops (especially rice) are high-cost and high-water-requirement crops, many farmers elected to reduce cost and drought hazards by planting more irrigated land in wheat and less in rice and corn.

The production of barley, oats, and rye was not seriously affected by the drought since these grains are produced for the most part south of the worst drought area.

The current outlook for the 1969-70 production of all grains is good on both irrigated and nonirrigated land. Wheat acreage is up as a result of good planting and growing conditions and a guaranteed price announced before planting time. Contacts both in and out of government say that 1969-70 could set an alltime record wheat production if weather conditions continue favorable.

Rice production is expected to bounce back to the pre-drought level of around 60,000 metric tons. On the other hand, the 1969-70 corn production is not expected to reach the levels achieved before the drought. Even though the corn planting season is just getting under way, certain government and private sources are forecasting a 1969-70 production of around 280,000 metric tons, 100,000 metric tons larger than the 1968-69 production, but 41,000 tons less than in 1967-68 and 82,000 tons less than in 1966-67.

Three main reasons are given for the poor expectations in corn production. First the good results from last year's wheat on irrigated land in the central provinces has encouraged the continued planting of wheat. Second, the method of producing and harvesting corn in Chile makes it a high-labor-requirement crop, and farmers are reluctant to increase their labor force, as the new laborers are likely to become a permanent obligation of the farmer. And third, the uncertainty regarding future corn prices is not encouraging to increasing production.

Decrease in pulses

A mild drought in 1967 followed by the severe drought in 1968 adversely affected bean production for two consecutive years. The 1967, 1968, and 1969 harvests were estimated (in thousand metric tons) at 89.8, 65.0, and 51.0 for each year, respectively—a decline of 28 percent in 1968 and 43 percent in 1969 from the 1967 level.

On the other hand, the production of peas and garbanzos held up well in 1967-68 and then declined sharply in 1968-69, with pea production down 43 percent and garbanzo production down 55 percent from the previous year.

In contrast, lentil production increased substantially in spite of the drought.

Potato and onion shortages

Chile's 1968-69 potato production declined about 15 percent from the previous year's harvest of 725,000 metric tons to an estimated 620,000 metric tons. According to various sources, the 1969-70 production will show a further decline, possibly to around 580,000 metric tons.

The decline in potato production is only partly due to drought conditions. Marketing, transportation, and price uncertainties have tended to discourage potato production, especially in the south where most of the storage potatoes are grown. The 1969-70 outlook in the south is also adversely affected by the shortage and high prices of seed potatoes.

The current apprehension about prices stems from the price of imported potatoes, which are now selling retail at the equivalent of about 2 cents per pound at the official exchange rate. With the retail price of storage potatoes in Santiago at such a low level, there is no incentive to plant potatoes in any of the southern provinces where potatoes are produced for storage and which will be subject to price controls.

Onion production, which declined from 104,000 metric tons in 1966-67 to 95,000 in 1967-68 and 80,000 in 1968-69, is expected to bounce back to around 133,000 metric tons in 1969-70. Improvements in prices and weather conditions are responsible for the expected increase.

Vegetable oil and sugar production up

Contacts in government and trade estimate that Chile's 1968-69 vegetable oil production was slightly larger than for the previous year. A decline in sunflowerseed production in the drought-affected central provinces was about offset by increases in rapeseed production in the south.

Sugar production continued to expand in accordance with long-term production plans. Chile's sugar is produced from beets which are grown for the most part south of the worst drought provinces.

Cost of the drought

Inasmuch as the cost of a drought involves both social and individual losses, it affects different segments of the popu-

lation in different ways. To the average person, the cost of a drought is generally measured in terms of the shortage of food and higher prices, or possibly restrictions on watering one's garden or washing his car. To certain government officials, the cost is one of foreign exchange to import scarce foodstuffs or of inflationary pressures on the economy. To the banking community, the problem is one of providing credit to producers or of programs to help alleviate the consequences of the drought. To the government planners, the cost involves the delay or abandonment of important development programs. But to the farmworker or farmowner the consequences of a drought could mean unemployment or the loss of a farm, dried-up fields, or the death of livestock.

Many small communities were left destitute, even for drinking water. Most of these communities survived by hauling in water in tank trucks, whereas others were given government assistance in the construction of wells and potable water systems.

Electricity was rationed throughout the drought zone, and many industries were forced to operate at partial capacity to conserve water and electricity. Rationing was also extended to individual consumers by cutting off electricity in different sections of the cities, usually one day each week, during the worst of the drought.

Some say that the 1968-69 drought was the worst in 100 years, others say 200 years. Regardless of which is correct, losses in fixed assets and current earnings have been estimated by Chile's State Bank at around $60 million, and losses in future earnings are inestimable.

Even through the individual and social costs of the drought are great, recuperation is expected to be swift. It has been said that next to California, central Chile is probably the best piece of farm real estate in the world. Given this physical resource, the general resilience of farmers and at least the random probability of a return to good weather, Chile's Central Valley will flourish again.

West Germany Expects Record Grain Exports

There is every indication that 1969-70 will be a record grain exporting year for West Germany. For the first time in history, combined exports of wheat and flour may surpass imports. The predicted large grain exports have been made possible by a combination of a large domestic crop; the large feed demand in some eastern countries which is the result of unfavorable grain and potato crops and larger feeding requirements; and the high export subsidies granted by the EC.

Successive large harvests

In 1969 West Germany again harvested a very large grain crop of 18.9 million metric tons after two record crops in both 1967 and 1968 (18 million metric tons and 19.1 million metric tons respectively). At the beginning of the new crop year (July 1, 1969) total grain stocks had reached more than 8 million metric tons of which about 5 million tons were in government storage. Government stocks of wheat alone amounted to about 3 million tons. With the advent of the new large crop the Federal Republic endeavored to cope with the situation by reducing its stocks, delaying the new-crop flow into government storage, preventing or reducing the influx of French grain prior to the devaluation of the French franc, and seeking additional storage space.

The stocks reduction program consisted of the release of large quantities of imported grain for domestic consumption and large-scale exports of domestic and other EC grain. Both projects proved so successful that at present commercial storage firms, which normally store grain for the Import and Storage Agency, complain of having lost a good deal of their business.

Grain customers

During the past 6 months, the Import and Storage Agency has sold about 1.2 million metric tons of wheat and 600,000 tons of barley to exporters from government stocks. Poland will import a major part of the barley. A great deal of the wheat is destined for East European countries. Czechoslovakia alone is receiving 535,000 metric tons of denatured wheat at prices ranging between $43 and $44.50 per metric ton f.o.b. border. Other recipients of denatured wheat will be Bulgaria, Norway. Switzerland, and possibly Poland. Negotiations reportedly also are being held with Rumania concerning a barter arrangement involving denatured wheat for corn.

In addition to the 1.2 million tons of wheat exports, grain trade experts estimate that about 300,000 metric tons (wheat equivalent) of wheat and flour will be exported under aid programs. It is expected that commercial wheat flour exports, which amounted to about 350,000 metric tons in recent years, may decline by about 10 percent. Assuming that exports of commercial wheat flour and other wheat products will be in the vicinity of 400,000 metric tons, grain equivalent, and that another 200,000 metric tons of government storage wheat may be exported to continue existing export programs, it is reasonable to expect total exports of wheat and wheat products in 1969-70 to reach 2.1 million metric tons, compared with 790,000 in 1968-69 and 630,000 in 1967-68.

Exports of feedgrains (including products) in 1969-70 will also be high and may reach 1 million metric tons. This forecast is based on estimated total barley exports of about 750,000 metric tons and somewhat reduced exports of other feedgrains and feedgrain products compared with previous years.

—Based on dispatch from GEORGE A. PARKS
U.S. Agricultural Attaché, Bonn

WEST GERMAN EXPORTS OF WHEAT, WHEAT FLOUR, AND OTHER WHEAT PRODUCTS
[Grain equivalent]

Crop year [1]	Quantity
	1,000 metric tons
1961-62	1,083
1962-63	571
1963-64	1,057
1964-65	747
1965-66	844
1966-67	640
1967-68	630
1968-69	790
1969-70 (forecast)	2,100

[1] July 1-June 30.

Sources: Historical data—Federal Ministry for Food, Agriculture and Forestry; forecast—Office of Agricultural Attaché.

Patterns of Change in Congolese Agriculture

Agriculture in the Democratic Republic of the Congo is making a slow but steady recovery from the production drop it experienced during the 5 years immediately following its independence in 1960. Civil and political disorders had slashed total agricultural output about one-fourth from the 1959 high to the 1965 low. However, since 1965 production has slowly recovered and in 1968 total agricultural production was estimated at 87 percent of 1957-59 levels. This recovery can be attributed to the return of political stability and gradual restoration of internal security, plus monetary reform (primarily devaluation) which increased incentives to produce and export.

Switch to subsistence crops

In 1958, nearly 31 percent of the Congo's gross domestic product was agricultural; in 1966 with mining on the upswing the proportion was 22 percent. With the decline in agriculture's relative importance, the nature of production also changed; subsistence farming which accounted for 35 percent of total agricultural production in 1959 increased its share to over half by 1966. This occurred because many Congolese farmers who had been marketing surplus production reverted to subsistence production as the insecurity caused by the civil turmoil and the deterioration of the transport network made marketing of cash and surplus crops difficult. However, with the advent of internal security, market production is increasing on Congolese farms, plantations, and estates.

Production of the main food crops (cassava, plantains, sweetpotatoes, and corn) of the subsistence farmer have risen from low points in the early sixties to levels almost equal to those prevailing before independence. With the repair of roads and addition of trucks, more of these foods will enter domestic markets.

Before independence in 1960, cotton was the main cash crop of the paysannat system (a land settlement plan) and an important export crop. However, the system broke down during the civil disorders and cotton production fell drastically. Since 1965 cotton has been imported to supply domestic mills. With the return of internal security, however, cotton production is picking up again and the 1969 crop may be able to supply all the mills' current needs.

European ranchers supplied approximately 50 percent of the meat marketed in the country prior to independence. In 1959 there were about 1 million head of cattle, 350,000 hogs, 65,000 sheep, and over 2 million goats. Numbers declined sharply during the early sixties and in 1966 over 18,000 tons of meat and meat products were imported. Domestic demand for meat products is growing, and projects have been initiated to assist Congolese in starting livestock herds.

Palm products—palm oil, palm kernel oil, and palm kernel cake—are the Congo's most important agricultural export commodities. Athough production has been gradually recovering from 1965 lows it still remains about 30 percent below the 1959 level. Palm oil production in 1968 was 175,000 metric tons. For production to reach preindependence levels of 245,000 tons, new plantings will be necessary. Low world prices for palm products in recent years have reduced incentives for plantations to increase production and for Congolese to harvest wild fruit. About 80 percent of production comes from plantations where the crop is collected and marketed by CONGOPALM, a cooperative for the plantations. An increasing proportion of palm products has been diverted to domestic use in recent years for the manufacture of soap, margarine, and cooking oils.

The second most important export crop, coffee, is grown in the northeastern and eastern highland sections of the country where 80 percent of the production comes from plantations. Recent increases in output are the result of the return to production of many plantations abandoned during the disorders.

Trading partners

Most Congolese trade is oriented toward Western Europe (primarily Belgium) and the United States, but the Congo has recently signed a number of bilateral trade agreements with neighboring African countries. These agreements call for Congolese manufactured goods to be exchanged for needed food commodities. The Congo is an associate member of the European Economic Community and a signatory of the Yaoundé Treaty.

The United States is the leading supplier of farm produce to the Congo, accounting for 40 to 50 percent of the market in recent years, largely through Public Law 480 programs. U.S. exports have been primarily rice and wheat flour, valued between $8 million and $11 million annually. Tobacco and cotton exports to the Congo have also been important.

Cereals are the Congo's major agricultural imports. The country is trying to become self-sufficient in rice. Imports of protein foods such as meat and fish products have been increasing.

U.S. imports of agricultural products from the Congo have averaged about $13 million annually in recent years. Coffee, rubber, palm kernels, and palm oil are the main items imported. The Congo is the second largest exporter of palm kernel oil to the United States, usually supplying 30 percent of total U.S. imports of that commodity.

A considerable amount of foreign aid has been received by the Congo for development. Major donors include the United States ($384 million since 1960) Belgium, France, the European Community, and the Food and Agriculture Organization of the United Nations. Aid projects underway in the Congo include work on rice and vegetable production; development of market gardens in urban areas; improved and commercialized production of tobacco, cassava, oil palms, corn, tea, and pyrethrum; and development of cattle herds and veterinary services. The improvement of transportation facilities will remove one of the main obstacles to increased agricultural production.

A development project proposed recently calls for AID and Congolese Government cooperation in developing a system for agricultural credit that will make capital available to small agribusinesses, production and marketing cooperatives, and small and medium-sized farming enterprises to enable them to increase production.

The above information was extracted from a study prepared by the USDA's Economic Research Service "Congo's Agricultural Economy in Brief." Copies are available on request from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250.

Agriculture in Spain's Second Plan

By JAMES LOPES
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Spain's current plan for national economic development—its Second Development Plan covering 1967-71—has two major goals that call for significant changes in Spanish agriculture.

The first goal is to reorient farm production—from wheat and potatoes toward livestock and livestock feed. The second is to increase agricultural productivity.

New stress on livestock is desired to help adjust production to the food-demand pattern rapidly evolving in Spain as a result of rising incomes, shifts in population to urban centers, and expanded tourism. Feedgrain production is being pushed to curtail feedgrain imports, while wheat production is to be cut in an effort to reduce or eliminate surpluses.

Recognized in the Plan's second major goal is the fact that only an increase in productivity can boost total production, since Spain has little additional land that can be brought under cultivation. Approval of the Plan was delayed for more than a year, perhaps because of adjustments required following devaluation in late 1967.

Overall goals of Plan

In Spain's current development plan the annual growth rate for agricultural production is set at 2.7 percent, somewhat lower than in the First Development Plan (for 1964-67) and lower than the average growth rate attained in recent years. The Plan allocates to agriculture somewhat less than one-fifth of public investments, which is slightly lower than the share allocated under the First Plan but about equal to the share of the gross national product contributed by agriculture.

Agriculture will receive $492 million directly in public investments and the benefits from about $650 million invested in irrigation projects. Another $286 million is programed for improvements in rural areas.

SPAIN: PLANNED FARM OUTPUT COMPARED WITH 1967 PRODUCTION AND DOMESTIC DEMAND IN 1971

Commodity	1967 production as share of First Plan output goals	Second Plan output goals for 1971		1971 projected domestic demand
		Amount	As share of 1967 production	
		1,000 metric		*1,000 metric*
	Percent	*tons*	*Percent*	*tons*
Wheat	126	3,583	64	3,594
Feedgrains	[1] 92	6,185	140	7,776
Sugarbeets	69	4,501	105	[2] 842
Potatoes	89	4,099	98	3,958
Citrus	106	3,150	139	[3] 828
Olive oil	62	430	159	328
Cotton, unginned	69	294	100	352
Beef and veal	96	275	128	389
Pork	154	450	100	384
Milk, cow's [4]	110	3,275	108	3,709
Eggs	97	454	142	454
		1,000 hectoliters		*1,000 hectoliters*
Wine	—	30,040	128	25,260

[1] Barley and corn. [2] Refined sugar. [3] Domestic consumption of fresh citrus only. [4] Fluid milk, excludes milk used in making cheese and butter.

Source: Spanish Development Plan, February 1969.

Average annual rate of GNP growth called for in the Second Plan is 5.5 percent, 0.5 percent less than called for in the First Plan but significantly below the 7.5-percent growth rate actually attained during 1964-67. The low GNP growth rate is expected to be conducive to price stability, dampening inflationary pressures and reducing cost-of-living increases of recent years.

For the industrial sector, the new Plan projects a 6.7-percent annual growth rate and the creation of about 1 million new jobs, raising employment to 13.2 million by 1971.

Value of exports in constant prices is to increase by an average of 7 percent annually; also, an annual 12-percent increase in imports is called for.

Total public investments in the economy during the 4-year period are set at the equivalent of $7.85 billion, almost two-thirds more than in the First Plan. It is estimated that private investment will provide an additional $1.6 billion.

1971 production goals

Spain has recently developed surpluses of wheat, which it has had to feed or subsidize to export, while it has expanded imports of corn, meat, and dairy products. To help correct these imbalances the Plan calls for major crop adjustments and emphasis on livestock.

The base period used in establishing the Plan goals for 1971 apparently was 1963-65. Since then, significant shifts in grain acreage have already occurred, and grain yields have increased sharply—probably due largely to favorable weather in recent years. Nevertheless, the 1971 grain acreage and production goals appear modest in view of results achieved in recent years.

The production goals for some of the commodities in the Second Plan may be better understood in the light of the success of the First Plan. Agricultural production targets for some commodities, such as wheat (see table), were attained or even exceeded, creating surplus problems. But for feedgrains, sugarbeets, and some livestock products, for which increased self-sufficiency was desired, production fell short of the targets.

Wheat. Production goal for 1971 is 3.6 million tons of wheat, or about 1.6 million tons below the recent 5-year average output. This is designed to reduce the wheat surplus, which has averaged more than a million tons annually since 1966 because of sharp increases in production.

The Plan calls for the wheat area to be reduced by 1.7 million acres—apparently from the average of 10.4 million acres in 1963-65 to 8.7 million acres in 1971. This planned decrease in area apparently will be realized and perhaps even exceeded, since the 1969 wheat area is already almost down to 9.2 million acres.

The wheat output goal would require a yield of only about 892 pounds per acre—about the same as the 1963-65 average—whereas yields for the 1964-68 period averaged almost 1,070 pounds. This yield from 8.7 million acres would produce 4.2 million tons of wheat, one-sixth above the goal. One or several factors may be responsible for this apparent discrepancy. The high yields in recent years may be attributable to very favorable weather. Also, a large reduction in the area of wheat grown under irrigation may be planned.

Feedgrains. The Plan calls for a 2.5-million-ton increase in feedgrain production to a total of 6.2 million tons in 1971, an increase of more than two-thirds compared with the 1963-65 average. The objective is to reduce feedgrain imports, which reached a peak of over 3 million tons in 1967, to 1.6 million tons in 1971.

The feedgrain area in 1971 apparently is to be almost 8.7 million acres, about 45 percent larger than in 1963-65. The Plan calls for a 1.5-million-acre expansion in barley area and about a 750,000-acre increase in corn and sorghum. Area sown to oats apparently is not to change significantly.

The 1969 feedgrain area is already up to 8.2 million acres, 6 percent short of the 1971 goal. The barley area, at 5.3 million acres, is about equal to the 1971 goal, while the 1969 corn and sorghum area is only about two-thirds of the 1971 goal of 2 million acres.

Feedgrain production in Spain has increased rapidly since 1963-65, with favorable weather an important factor. In 1968, at 5.7 million tons, output was less than 10 percent short of the target in the Second Plan. However, assuming a yield of 1,450 pounds per acre (equal to the 1964-68 average), feedgrain production in 1971 from 8.7 million acres would be 5.7 million tons, close to one-tenth below the goal.

Feedgrain yields in 1971 at roughly the 1964-68 average or perhaps somewhat higher seem likely, since increased inputs and greater use of irrigated land for feedgrains will tend to equal the impact of favorable weather on yields in recent years. Also, in view of progress in 1968 and 1969, the area shifted from wheat to feedgrains by 1971 may be somewhat greater than planned. Thus, the 1971 goal for feedgrains appears to be attainable.

Livestock. The Plan recognizes the need to rapidly increase production of livestock products. About $65 million of public investments are allocated for the livestock sector. An equivalent amount in foreign financing is expected from international organizations and private sources. The livestock sector also is to benefit from investments in such other programs as irrigation, increased production of forage crops, and development of new pastures.

The object is to attain greater self-sufficiency in livestock products. Imports of meat and dairy products have averaged more than $100 million a year since 1967. Beef imports just about doubled between 1962 and 1967, and currently represent close to one-third of domestic consumption. Cattle numbers are to increase by about 200,000 head from 4 million head in 1967. A considerable reduction in dual-purpose cattle and a substantial increase in dairy cattle are planned.

Meat production, including poultry, is to increase about 10 percent to 1.2 million tons in 1971. A 13-percent increase in beef and veal production is planned.

A more efficient agriculture

In an effort to improve the efficiency and productivity of agriculture, the Plan calls for increased supplies of fertilizer and machinery, expanded irrigation facilities, improved soil conservation practices, and shifts in land use.

The irrigated area is to be increased by almost 1 million acres, including 180,000 acres by the private sector. It will total nearly 7.5 million acres in 1971. In addition, irrigation facilities are to be improved on 225,000 acres of land already under irrigation.

About 3.5 million acres are to be consolidated to facilitate mechanization. If accomplished, this would raise the area consolidated between 1952 and 1971 to about 10 million acres. In addition, 600,000 acres of new pastures are to be established and 750,000 acres of fallow land are to be seeded with forage crops. Soil conservation is to be carried out on 250,000 acres, and reforestation—both public and private—is to be completed on 1 million acres.

In order to better farm the improved land base, training for farm labor in the school system is to be improved and 225 extension service offices are to be added, raising the total to 755. This better qualified labor force will be supplied with an additional 100,000 tractors—raising the total to 300,000—and 10 percent more fertilizer, bringing total use to 1.2 million tons of plant nutrients.

Labor productivity is planned to increase 6 percent annually during 1968-71. This is higher than the 4.5-percent target in the First Plan, but lower than the rate actually achieved in recent years. The Plan supports a continued transfer of surplus labor from agriculture to other economic sectors. The agricultural labor force is expected to decline 3 percent annually, a total drop of 420,000 during the period, reducing the agricultural labor force to 3.2 million, or 25 percent of the total labor force by 1971.

Implications for agricultural trade

Assuming the Second Plan's targets are met, the Spanish economy will be significantly different in 1971. Real GNP in 1971 will be about 25 percent higher than in 1967. Allowing for a 1.5-million increase in population to 33.8 million, per capita income will be over $800, as compared with about $700 in 1967. As incomes increase, consumer demand for livestock products and other high quality foods will continue to rise.

Spain does not expect to supply domestically the total demand for feedgrains, cotton, sugar, beef, and veal, but does expect to have surpluses of potatoes, citrus fruits, olive oil, and wine. Should Spain succeed in reducing wheat production, its reduced wheat exports would improve the export possibilities for the United States and other wheat exporters in Portugal and other countries which have received Spanish wheat in the past 2 years.

Spain's imports of feedgrains in 1971 will probably exceed the 1.6 million tons indicated in the Plan, particularly if Spain strives for self-sufficiency in livestock products in the years ahead. Spain has become self-sufficient in barley and probably will continue to be, but corn imports are expected to remain high. In 1968, corn production was up 20 percent over 1967, but corn imports still exceeded 2 million tons.

Some switch in imports of soybeans to soybean meal is also likely. Spain counts heavily on exports of olive oil, and sustained competition from other vegetable oils could result in further demands by olive oil producers for protection against soybean oil, and indirectly, U.S. soybeans.

Disposal of the planned large citrus surplus in 1971 could be difficult. Citrus exports in 1968 were only 1 million tons and these encountered increased competition from other Mediterranean producers.

Spain expects to supply most of its livestock products domestically but recognizes that in 1971 it will still have to import 114,000 tons of beef. The target for pork production was exceeded in 1968, and self-sufficiency in pork is expected to continue. Milk production in 1971 is planned to increase only slightly above current levels; it would still be 12 percent short of projected domestic demand.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Nov. 25	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.93	0	2.02
USSR SKS-14	1.78	0	1.97
Australian Prime Hard	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.85	−1	1.97
15 percent	1.91	−2	1.93
U.S. No. 2 Hard Winter:			
13.5 percent	1.73	−2	1.89
Argentine	(1)	(1)	1.80
U.S. No. 2 Soft Red Winter	1.55	−2	1.77
Feedgrains:			
U.S. No. 3 Yellow corn	1.49	−2	1.38
Argentine Plate corn	1.78	0	1.47
U.S. No. 2 sorghum	1.46	0	1.38
Argentine-Granifero	1.47	0	1.39
Soybeans:			
U.S. No. 2 Yellow	2.74	−3	3.02

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Rains Damage Algerian Dates

Heavy rains in the desert areas have badly damaged the 1969 Algerian date crop. In oases near Biskra, trees have been uprooted by flood waters. High humidity has led to fungus infestation and date fermentation. Marketable production is currently estimated at 5,500 short tons.

New Potato Processing Plant in Canada

McCain Foods Limited, a Canadian potato processing firm, is opening a C$2.6 million branch plant in the St. John Valley of New Brunswick, according to a recent issue of the Winnipeg *Free Press Weekly*. Reportedly, McCain Foods is expanding exports of its products to the United Kingdom with its ready-packaged frozen french fries and chips.

Decreased Spanish Table Olive Crop

The 1969 Spanish table olive crop is estimated at 60,600 short tons, approximately 9.6 percent below last year. Production of exportable varieties is estimated as follows: Manzanillas and similar, 44,100 tons; Queens, 9,000 tons; and others, 2,200 tons.

Although official trade data are not yet available, trade sources place the 1968 table olive exports at 44,100 tons, compared with 1967's total of 53,500 tons. The decrease is partially attributed to a split in the industry: one faction desires to force placed-packed exports only, while the other does not want its exports reduced by virtue of this relatively new trend.

Dutch Canned Fruit, Juice Prices

The following quotations represent wholesale offerings on a landed, duty-paid basis, including the sugar-added levy but excluding the value-added tax:

Type and quality	Size of can	Price per dozen units: Sept. 1968	June 1969	Sept. 1969	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots, halves:					
Not specified	1 kg.	—	3.28	3.48	Spain
Do	500 gr.	1.66	1.66	1.79	Do.
Cherries, sweet, not pitted:					
Not specified	1 kg.	5.47	4.81	4.97	Italy
Fruit cocktail:					
Choice, heavy sirup	2½	6.00	5.24	5.07	U.S.
Do	2½	5.27	4.87	4.61	Italy
Choice, light sirup	2½	5.70	4.94	4.87	U.S.
Do	425 gr.	3.48	2.82	2.72	Australia
Do	1 Tall	—	2.49	2.49	Italy
Choice	3 kg.	16.18	14.85	16.08	Spain
Peaches, clingstone, halves:					
Choice, heavy sirup	2½	4.61	4.21	4.21	U.S.
Do	303	3.08	—	2.95	Do.
Standard, light sirup	10	15.75	14.92	14.92	Do.
Do	2½	4.14	—	3.78	Do.
Pears, halves:					
Choice, heavy sirup	2½	4.04	—	3.48	Italy
Pineapple, slices:					
Fancy, heavy sirup	2½	—	4.81	4.81	U.S.
Choice, heavy sirup	2	—	2.98	2.98	U.S.
Choice	30 oz.	—	3.71	3.71	Taiwan
Pineapple, half slices:					
Standard, light sirup	2½	—	3.65	3.65	Philippines
Crushed	10	—	9.45	9.45	Malaysia
Do	10	—	9.91	9.91	South Africa
CANNED JUICES					
Grapefruit, unsweetened	0.7 l.	—	4.11	4.11	Israel
Orange, unsweetened	0.7 l.	3.12	3.05	3.05	Israel
Pineapple, unsweetened	6 oz.	.99	.93	.93	U.S.

[1] Packed in glass bottles.

South African Pineapple Production

Production of fresh pineapple in the Republic of South Africa is estimated at 135,000 short tons in the 1968-69 season, down 10,000 tons from the volume produced a year ago and 23,000 tons below the 1966-67 output. Drought, marketing difficulties, and reduced profits resulting from increased international competition in canned pineapple trade are the principal reasons for the decline.

The highly competitive conditions in world canned pineapple trade have stimulated the South African industry to attempt to enlarge sales of fresh pineapple to the United Kingdom. The United Kingdom imported 5,308 tons of fresh pineapple from South Africa in 1968, 34 percent above the purchases in 1967 and more than double the volume imported in 1966.

Canned pineapple production by members of the South

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African Fruit and Vegetable Canners' Association, which includes most canners in South Africa, totaled nearly 2.1 million cases (basis 24/2½'s) in 1967-68. The pack in 1968-69 is forecast at 1.9 million cases. Production of canned pineapple juice is forecast at 350,000 cases, compared with 270,000 cases in 1967-68.

SOUTH AFRICAN SUPPLY AND DISTRIBUTION OF CANNED PINEAPPLE PRODUCTS

Item	1966-67	1967-68	1968-69 [1]
	1,000 cases [2]	*1,000 cases* [2]	*1,000 cases* [2]
Canned pineapple:			
Beginning stocks (Nov. 1)	108	412	173
Production	2,240	2,073	1,900
Total supply	2,348	2,485	2,073
Exports	1,721	2,092	1,730
Domestic disappearance	215	220	225
Ending stocks (Oct. 31)	412	173	118
Total distribution	2,348	2,485	2,073
Canned pineapple juice:			
Beginning stocks (Nov. 1)	266	318	131
Production	483	270	350
Total supply	749	588	481
Exports	364	387	310
Domestic disappearance	67	70	74
Ending stocks (Oct. 31)	318	131	97
Total distribution	749	588	481

[1] Estimated. [2] Basis 24/2½'s (45 lb.).

Iranian Almond Crop Damaged

Heavy rains and cold weather have damaged the 1969 Iranian almond crop. The crop, which was originally placed at 7,000 short tons (shelled basis), is now estimated at 5,500 tons. Damage was especially heavy in the Azerbaijan region (in northern Iran). The 1968 crop was 7,000 tons.

Exports in 1968-69 are estimated at 4,300 tons, 1,500 tons above 1967-68. Exports in 1969-70 are expected to be somewhat lower. Iran's largest buyer is the USSR, followed by India, West Germany, and East Germany. Annual domestic consumption varies from 2,000 to 3,000 tons a year.

Payments on U.S. Poultry to Greece

On December 10 the United States will begin making export payments on U.S. whole chicken shipments to Greece. Payments will be made on frozen ready-to-cook broilers and roasters with or without giblets.

In speaking of this action, Assistant Secretary of Agriculture Clarence D. Palmby said: "This is an additional step in our continuing drive to maintain for the U.S. poultry producer a fair share of the world market in the face of heavily subsidized competition from other exporters."

Mr. Palmby pointed out that in April 1968 the United States resumed poultry export payments to Switzerland (begun in 1965 and discontinued the next year) because the U.S. share of the Swiss market had decreased to 3 percent in 1967 from a 1960-61 average of 67 percent. As a result of these export payments, the U.S. share of the Swiss market increased to 33 percent for January-September 1969. Thus, the export payment program to Switzerland will be continued.

Mr. Palmby added that the United States is not anxious to continue the subsidy programs and would prefer that all exporters stop subsidization. He said the United States had hoped—by meeting subsidized competition with its own limited subsidy program to the Swiss market—to bring about an agreement among exporting countries to discontinue the subsidization of poultry meat. (See *Foreign Agriculture*, May 20, 1968.) This has not occurred, and the United States continues to lose its share of traditional markets to other exporting countries with subsidized products.

"Greece is one of these markets," Mr. Palmby said. "During 1960-64 the U.S. share of the total Greek import market for chicken meat averaged 53 percent. Since 1965, this share has been in rapid decline, falling to 7 percent in 1968 and continuing to fall in 1969 as a result of subsidized competition. The United States—in the interest of its poultry producers and processors—is determined to reverse this downward trend."

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